trust fund—which comes from a regressive tax—and instead balance the Federal budget deficit.'' I guarantee you that would not have gotten two votes in the Senate or the House. No one, I mean no one, here would have had the bad judgment to decide to substantially increase a payroll tax, promise it will be put in a trust fund, and then claim later that it is used to reduce the Federal budget deficit. But that is exactly what has happened in the past. It is exactly what would have been enshrined in a requirement in the constitutional amendment in the future.

I regret that people like Mr. Krauthammer write articles with such a profound lack of understanding about the facts. They have every right to do that. But the fact is we have every right to challenge those who write as carelessly as he did.

Mr. President, we have a challenge, all of us, to start doing instead of talking. We offered yesterday a proposal for a new budget process. It said let us do this. If we believe, and I do, that we can balance the budget by the year 2002 without using Social Security trust funds, and we should, then let us decide on a budget procedure that brings a point of order, a 60-vote majority to overcome, against any budget that comes to this floor without a 7-year plan to get to a balanced budget by the year 2002. Let us see if people are willing to bite into this problem with real teeth. Let us decide soon whether this is a lot of talk or whether this is honest concern by people involved who are willing to do some heavy lifting.

At least in the last 24 hours, the news that the same people who were trumpeting the constitutional amendment for the balanced budget are now off deciding that what they want to do is have a very big tax cut, much of the benefits to go to the wealthiest Americans, does not seem to me that they are very serious about reaching a balanced budget in this country's future. I for one think a tax cut proposal in the midst of the kind of deficits and debt we have makes no sense at all. It is the ultimate in political posturing and the ultimate, in my judgment, failure to be willing to come to grips honestly with the serious problem this country faces.

At least speaking for myself, and I hope for others, we should not have a debate anymore about who wants balanced budgets. I do. I am willing to join in any group, in any way, on any day, in a bipartisan way to take tough medicine, to cut Federal spending in the right way, and to move this country toward a balanced budget. That ought to be the obligation of all of us working together in the months ahead.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, I ask unanimous consent to proceed as if in morning business.

The PRESIDING OFFICER. The Senate is in morning business.

Mr. SIMON. I thank the Chair. Parliamentary inquiry. When are we scheduled to return to—I believe the pending amendment is the Kassebaum amendment on the emergency supplemental?

The PRESIDING OFFICER. At 11:30.

Mr. SIMON. At 11:30.

BALANCED BUDGET AMENDMENT

Mr. SIMON. Mr. President, let me say first that I agree with three-fourths of what my colleague from North Dakota has just said. First, I think it makes absolutely no sense to be talking about a tax cut now. I think it is just absolutely irrational. It politically makes sense but it does not make sense any other way. And so I agree with him.

Let me point out one other area where we can save money and do a great deal of good for the people in our country. That is if we pass a minimum wage bill. If we pass a minimum wage bill, we will spend less money on food stamps; we will spend less money on welfare. That is very practical. I do not know the precise numbers, but I saw one figure yesterday that we will save approximately $1.8 billion a year if we pass a minimum wage bill, in terms of a Federal budget. I do not know how thoroughly documented that is.

Where I differ slightly from my colleague from North Dakota—I agree with him that we ought to be moving away from reliance on the Social Security trust fund in balancing the budget, and we came very close to an agreement on that—where I do differ is that it seems to me that the Krauthammer column is correct in saying the great threat to Social Security is the debt. Because if we do not change our policies, we will end up monetizing the debt, printing money, devaluing our currency. We are already seeing some of that. I want to comment on that in just a moment. We are already seeing some of that, just in the days since we failed to pass the balanced budget amendment last Thursday.

I am a cosponsor of the bill to move, by legislation, toward a balanced budget by the year 2002. There are two problems with that. I hope it can have some impact. I, frankly, do not think ultimately it is going to work, because as soon as the squeeze gets on we simply change the law. That is the reality. There is a second problem with it. Assuming that it works. And that is interest by the financial markets is composed of two things. One is they want to have a margin of profit. That is always going to be there. The second thing the financial markets do is they put into interest, a hedge against inflation. So every study, CBO, Data Resources, Inc., Wharton—all of them say if we pass a balanced budget amendment interest rates will go down. We have seen what has happened to interest rates since a week ago Thursday. We did not pass the balanced budget amendment.

There will be no similar confidence in the financial markets by any statutory change that we make. So we will be paying a premium on interest for our failure to pass a constitutional amendment. We will spend hundreds of billions of dollars, in my opinion—and no one knows this precisely—unnecessarily on interest because of our failure to pass a balanced budget amendment.

Data Resources, Inc., one of the two most prominent econometric forecasters in the Nation, predicts that, by the year 2002, if we pass it, the prime rate will drop 2.5 percent. Wharton says 4 percent. But Data Resources, 2.5 percent. They say half the savings that we must get can come from interest savings. That is a very significant savings.

Finally—and this is not in relation to the comment of my colleague from North Dakota, but to what has happened—I notice the international publications are very clear in pointing to our failure to pass the balanced budget amendment. Some of the domestic publications are, too, though there is much more focus on Mexico as a reason for the fall of the dollar. The reality is, if we had our fiscal house in order, what we have done by guaranteeing $20 billion in loans to Mexico would be just a blip on the horizon. A $20 billion loan guarantee for a country with a $6 trillion economy is not that significant an item. But when you compound it with our failure to pass a balanced budget amendment, then you have a problem.

I would like to quote a few items here, if I can find them. Yesterday's Los Angeles Times lead story, ''Greenspan Asserts Deficit Sank Dollar. Fed chief says defeat of balanced-budget amendment sent wrong signal to global markets. He says Washington must cut deficit to ease pressure on greenback.''

Then let me read the lead story by James Risen.

> Federal Reserve Board Chairman Alan Greenspan on Wednesday blamed last week's Senate defeat of the balanced-budget amendment for the sudden plunge in the value of the dollar and pointedly warned Congress that the currency will remain under pressure until Washington tackles the deficit.

There are a number of stories along the same line. I am not going to bother reading all of them at this point.

The point is, it is easy for us here to point to Mexico and say that is the cause of our problem. The reality of the cause of our problem is right here in the U.S. Senate, and we have to face up to that reality. The longer we postpone facing up to that reality, the greater the jeopardy we put the dollar in and all the ramifications that will have on the standard of living of our people.

I hope we will face up to reality.

Mr. President, since I do not believe anyone else seeks the floor right now, let me glance through a few of these things here. Here is the Financial Post, from Great Britain, ''The Current U.S.

Dollar Crisis Was Exacerbated by Congress' Inability To Get the Balanced Budget Amendment Passed.''

Here is the Independent, also a British publication.

* * * defeat of the balanced budget amendment only reinforced in foreign eyes Washington's reputation for incurable fiscal profligacy. And most important of all, the tectonic plates of interest rate expectations have abruptly shifted.

AFX News. I confess I do not know where that is from.

I think some of the support the dollar got from the election of the Republican Congress has faded with the defeat of the balanced budget.

Quoting some analyst here.

Here, from Singapore, the Straits Times.

The dollar's fall began last Friday, after Federal Reserve Board member, Mr. Lawrence Lindsay, told reporters that the yen-dollar rate had not reached a ''critical level.''

It coincided with the failure of the U.S. Senate to pass a constitutional amendment requiring a balanced Federal budget.

The failure was seen as a lack of political will by the United States to tackle its twin deficits—budget and trade deficits—widely seen as among the factors contributing to the weak dollar.

And the stories go on. Here is one from Japan, the Daily Yomiuri.

The move was accompanied by news that the U.S. Senate voted down an amendment to the U.S. Constitution that would have forced balancing of the national budget by 2002. This combination caused the mark to soar, followed by the surge of the yen.

And the stories go on.

Clearly we have the ability here to get ahold of this thing. We ought to do it for the future of our country. But it is affecting us right now, and I hope in some way we can find one more Member of the U.S. Senate who will vote for a constitutional amendment. I think when that happens, if that happens, you will see a reversal. Obviously, I cannot predict and guarantee this. But the evidence is pretty overwhelming. You are going to see a reversal of what has happened to the dollar.

I hope we do the sensible thing.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SIMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MINIMUM WAGE

Mr. SARBANES. Mr. President, the time is long overdue for the Federal Government to establish a realistic wage standard for the American worker. The real value of the minimum wage has deteriorated markedly since 1979. At its current level of $4.25 per hour, the minimum wage will fall to its lowest real value in 40 years if Congress fails to take action. In the late 1950's the real value of the minimum wage was worth more than $5 per hour by today's standards and in the mid-1960's it peaked at $6.28. However, because Congress has failed to respond to inflation over the last 20 years, the real value of the minimum wage is now 27 percent lower than it was in 1979, and has fallen by almost 50 cents since 1991.

The decrease in the value of the minimum wage has widened the gulf between rich and poor, making it even more difficult for hard-working families to make ends meet. In 1993, I strongly supported President Clinton's expansion of the earned income tax credit [EITC] which raised the income of 15 million households—helping many families rise above the poverty line. Today a family of four with one worker working year round, full-time at the current minimum wage would earn $8,500 and receive a tax credit of $3,400 for a total annual income of approximately $14,700. The Congressional Budget Office [CBO] estimates that in 1996 the poverty line for a family of four will be $16,092. Therefore, under the current minimum wage, workers can work full-time for an entire year and still fall $1,300 below the poverty line.

One of the most common arguments put forth by opponents of the minimum wage is that an increase would ultimately rob the economy of jobs and income. The idea is that by increasing the minimum wage, businesses will have to pay fewer workers more, resulting in lower employment rates. Recent evidence has indicated that this argument is seriously flawed. A 1992 study by Princeton economists David Card and Alan Kruger in New Jersey found ''no evidence'' that a rise in New Jersey's minimum wage reduced employment. In fact, just the opposite was true. Card and Krueger's research indicates that ''the increase in the minimum wage increased employment.'' These findings were echoed by Nobel Prize winning Economics Professor Robert Solow of MIT when he stated, ''The main thing about minimum wage research is that the evidence of job loss is weak.''

Mr. President, it is clear that the American economy can afford a reasonable increase in the minimum wage. In fact, it stands to reason that more money in the pocket of the American workers means that more money is being spent and purchasing power is increased. As Henry Ford so aptly stated, ''If you cut wages, you just cut the number of your customers.''

In debating the economic value of this important policy decision, we must be careful not to overlook what I believe to be the heart of the matter—the American worker. Historically, Congress has acted to ensure minimum standards of decency for working Americans. Measures to protect workers from unsafe and unfair working conditions were enacted under the belief that, as a society, we should support a basic standard of living for all Americans. It is in this spirit that minimum wage laws have been updated through the years. It is my strongly held view that these actions appropriately reflect the values and beliefs at the very core of our society—the idea that if you work hard and play by the rules, you deserve the opportunity to get ahead.

As long as we fail to act, we send the message to working families across the country that hard work and sound living is not enough. According to the Bureau of Labor Statistics, two-thirds of all minimum wage earners are adults who are struggling to achieve a decent standard of living for themselves and their families. The objective of the minimum wage is to make work pay well enough to keep families out of poverty and off Government assistance. An hourly rate of $4.25 is not enough to cover the average living expenses of a family of four. It is unthinkable to me that in what is arguably the wealthiest Nation in the world, there are families out there right now trying to choose between buying groceries for their children or heating their homes.

As the Senate prepares to take up the debate on welfare reform, it is important to note that the Bureau of Labor Statistics estimates that three out of every five workers earning the minimum wage or below are women—and the current minimum wage falls significantly short of enabling single mothers to achieve self-sufficiency. How can a single mother be expected to be able to provide food, clothing, shelter, medical care, and child care on $4.25 an hour? In my view, instead of maintaining barriers to work, we should be helping to tear them down.

Mr. President, Americans want to work. They want to be able to adequately provide for themselves and their families. But they are working for less and are becoming increasingly frustrated in the process. It is critical that we recognize the reality of minimum wage earners and take steps to help them rise above poverty. President Roosevelt once called for ''a fair day's pay for a fair day's work.'' The American worker deserves no less, and I urge my colleagues to join me in supporting efforts to increase the Federal minimum wage.

EPA DRINKING WATER REGULATIONS SHOULD PROGRESS

Mr. KOHL. Mr. President, I rise today to express my displeasure with action taken by the Senate Governmental Affairs Committee.

Yesterday, in their markup of regulatory moratorium legislation, on a party-line vote, the Governmental Affairs Committee rejected an amendment by Senator GLENN to allow long-overdue EPA regulations protecting citizens from parasite contamination in drinking water to move forward.

Mr. President, just under 2 years ago, my colleagues will perhaps remember